

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (11/18)**  
**BUTTER:** Grade AA closed at \$1.4450. The weekly average for Grade AA is \$1.4483 (+.0433).

**CHEESE:** Barrels closed at \$1.3425 and blocks at \$1.3725. The weekly average for barrels is \$1.3250 (+.0020) and blocks, \$1.3710 (+.0010).

**BUTTER:** Although the cash butter price at the CME is showing strength, most producers, handlers, and traders do not foresee significant increases. Butter demand is strong. Many feel that recent price declines are basically the impetus behind stronger orders. Many buyers that were not or were hesitant to run feature activity during the yearend holiday period due to firm prices are now trying to locate butter stocks for this need. In many instances, print butter volumes have been fully committed and available surplus volumes are limited. Another factor limiting acknowledgment of the increased demand is plant capacity. Most plant capacity is fully committed to orders already on the books for future deliveries. Frozen bulk butter stocks are available, but print butter volumes are what are being desired at this time. Churning activity remains seasonally strong for this time of the year, although cream supplies have tightened. Quota imports of butter for the first ten months of the year total 12.8 million pounds, down 3.4% from last year for the same period. Imports stand at 83% of the annual quota. High-Tier imports (above quota and with a penalty) for the period are only 522,000 pounds compared to 18.0 million pounds for the comparable period in 2004. Domestic prices did not get high enough to make High-Tier imports work this year. Retail orders are improving along seasonal patterns. Food service orders are also improving as holiday shopping and parties attract away from home eating patterns.

**CHEESE:** The cheese market is unsettled. Buyers feel prices may have reached a short term low. Demand has improved for many packagers though process interest is at best seasonal. The lead time needed for year end holiday orders is closing rapidly. Swiss demand remains good. Some spot interest is noted for additional loads of various natural American varieties. Aged cheddar demand has improved but overall still seems to lag recent years. Cheese production is uneven, steady to often lighter where plant operators try to balance supplies to orders. Cheese yields are approaching annual peak levels through much of the country. The CWT program accepted a bid (for about 277,000 pounds) to export cheddar cheese to South Korea. This is the first award since August.

**FLUID MILK:** Milk production is steady to slightly higher in most areas of the U.S. with levels at seasonal low points on a daily average basis in November. Energy and transportation issues continue to be major concerns. Fuel and trucking costs are high in all areas and additional surcharges are either appearing or growing as costs are attempted to be recovered. Shortages of tankers and truck drivers make transporting milk and finished dairy products major concerns. Material costs remain high for plastic bottles and containers. Resin availability has increased but the price remains high. Bottling of fluid milk is active ahead of the holiday week for retail and food service accounts; while steady yet, but expected to decline for school needs. Processors with the option of taking down days on and around the Thanksgiving holiday have ramped up milk needs this week to stock up for next week's demand.

**DRY PRODUCTS:** Energy surcharges are impacting the dry dairy product markets seemingly more at the current time than supply and demand issues. As more producers charge an energy surcharge, the impact on market prices is less desirable for buyers. In addition, higher prices and bigger surcharges seem to be stalling contract negotiating for 2006. Buyers are concerned about paying for surcharges more than once. Producers are concerned about the surcharges appearing in the NASS price, which in turn is used in Federal Order milk price

formulas. Any increases in prices would be paid into the "pool" and not captured by the plant to offset higher energy costs. Nonfat dry milk prices are steady to higher, although there are concerns as to whether exports will be able to continue to clear increasing milk supplies. Less NDM is being used in cheese production. Dry whey prices are higher and mainly reflect surcharges. Buyer resistance is present in some areas, but product is still clearing. WPC prices softened as competition with other proteins occurred and imports are offered. The lactose market is steady to firm as most supplies are committed.

**CCC:** During the week of November 14 - 18, there was no dairy price support activity.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the base price for Class I milk for December 2005 is \$13.57, down 99 cents from November. This price is derived from the advanced Class III skim milk pricing factor of \$8.03 and the advanced butterfat pricing factor of \$1.6633 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for December is \$8.22 and the Class II nonfat solids price is \$0.9133 per pound. The following are the two-week product price averages: butter \$1.5011, nonfat dry milk \$0.9834, cheese \$1.4213, and dry whey \$0.3084.

**NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES (USDA, WAOB):** Forecast milk production in 2005 and 2006 is increased from last month. Milk production for 2006 is projected at 181.5 billion pounds, up 2.6% from the 176.9 billion pounds projection for 2005. The 2005 estimate is 3.6% higher than the 2004 production figure of 170.8 billion pounds. Although recent milk cow numbers and dairy herd replacement prices point to slightly slower growth in milk cow herds, output per cow continues to advance as producer returns are expected to remain favorable. Cheese and butter price forecasts for 2005 and 2006 are lowered from last month to clear increased supplies of those products. Strong domestic and international demand likely will support nonfat dry milk (NDM) and whey prices, thus NDM and whey price forecasts are slightly higher. Class price forecasts are lowered for both 2005 and 2006. The all milk price for 2005 is forecast lower at \$15.15-\$15.25 per cwt., and the 2006 forecast is reduced to \$13.15-\$14.05.

**OCTOBER MILK PRODUCTION (NASS):** Milk production in the 23 major states during October totaled 13.4 billion pounds, up 4.1% from October 2004. September revised production, at 13.0 billion pounds, was up 4.7% from September 2004. The September revision represented a decrease of 27 million pounds or 0.2% from last month's preliminary production estimate. Production per cow averaged 1,636 pounds for October, 53 pounds (+3.3%) above October 2004. The number of cows on farms was 8.16 million head, 58,000 head (+0.7%) more than October 2004, and 4,000 head more than September 2005.

**OCTOBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS):** During October, about 9.7 billion pounds of milk were received from producers. This volume of milk is 2.5% higher than the October 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +0.8%.) About 3.8 billion pounds of producer milk were used in Class I products, unchanged from the previous year. Calendar composition likely had a slightly negative impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilizations were: Class I = 39%, Class II = 13%, Class III = 38%, and Class IV = 10%. The weighted average statistical uniform price was \$15.27, \$0.01 lower than last month, and \$0.06 lower than last year.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES (PAGES 7-8)  
 DAIRY GRAPHS (PAGES 9-11)

OCTOBER MILK PRODUCTION (PAGE 12)  
 OCTOBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (PAGE 13)

**CHICAGO MERCANTILE EXCHANGE  
 CASH TRADING**

PRODUCT	MONDAY NOVEMBER 14	TUESDAY NOVEMBER 15	WEDNESDAY NOVEMBER 16	THURSDAY NOVEMBER 17	FRIDAY NOVEMBER 18	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.3225 (N.C.)	\$1.3225 (N.C.)	\$1.3225 (N.C.)	\$1.3150 (-.0075)	\$1.3425 (+.0275)	(+.0200)	\$1.3250 (+.0020)
40# BLOCKS	\$1.3700 (N.C.)	\$1.3700 (N.C.)	\$1.3700 (N.C.)	\$1.3725 (+.0025)	\$1.3725 (N.C.)	(+.0025)	\$1.3710 (+.0010)
BUTTER GRADE AA	\$1.4375 (+.0375)	-----	\$1.4625 (+.0250)	-----	\$1.4450 (-.0175)	(+.0450)	\$1.4483 (+.0433)

**NOTICE** - The CME will be closed 11/24 & 11/25. CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2.**

## CHICAGO MERCANTILE EXCHANGE

MONDAY, NOVEMBER 14, 2005

CHEESE — SALES: 3 CARS 40# BLOCKS @ \$1.3700; BIDS UNFILLED: 1 CAR 40#BLOCKS @ \$1.3700; OFFERS UNCOVERED: NONE

BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.4000, 1 @ \$1.4100, 1 @ \$1.4200, 1 @ \$1.4300, 1 @ \$1.4350; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.4375, 1 @ \$1.4050, 2 @ \$1.4000; OFFERS UNCOVERED: 5 CARS GRADE AA: 2 @ \$1.4400, 1 @ \$1.4450, 1 @ \$1.4500, 1 @ \$1.4550

TUESDAY, NOVEMBER 15, 2005

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.3600, 1 @ \$1.3625, 1 @ \$1.3700; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.2600, 1 @ \$1.2500; OFFERS UNCOVERED: NONE

WEDNESDAY, NOVEMBER 16, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: NONE

BUTTER — SALES: 6 CARS GRADE AA: 1 @ \$1.4375, 2 @ \$1.4500, 1 @ \$1.4550, 1 @ \$1.4600, 1 @ \$1.4625; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.4800

THURSDAY, NOVEMBER 17, 2005

CHEESE — SALES: 5 CARS 40# BLOCKS: 4 @ \$1.3650, 1 @ \$1.3725; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.3700, 2 @ \$1.3600; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3150

FRIDAY, NOVEMBER 18, 2005

CHEESE — SALES: 5 CARS BARRELS: 2 @ \$1.3200, 1 @ \$1.3250, 1 @ \$1.3300, 1 @ \$1.3350; 3 CARS 40# BLOCKS: 1 @ \$1.3750, 2 @ \$1.3725; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.3425, 1 @ \$1.3350; 2 CARS 40# BLOCKS: 1 @ \$1.3725, 1 @ \$1.3700; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.3750

BUTTER — SALES: 11 CARS GRADE AA: 2 @ \$1.4625, 1 @ \$1.4550, 1 @ \$1.4300, 2 @ \$1.4150, 1 @ \$1.4050, 1 @ \$1.4150, 1 @ \$1.4200, 1 @ \$1.4400, 1 @ \$1.4450; BIDS UNFILLED: 4 CARS GRADE AA: 2 @ \$1.4075, 2 @ \$1.4050; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.4650, 1 @ \$1.4700, 1 @ \$1.4800

**NOTICE** - The CME will be closed 11/24 & 11/25**CME CASH NONFAT DRY MILK:** Extra Grade closed the week at \$0.9625 and Grade A at \$0.9950. (The last price change for Extra Grade occurred March 30 and the last price change for Grade A occurred October 24.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9950 (N.C).

## BUTTER MARKETS

## NORTHEAST

The butter market remains weak. The cash market at the CME traded lower most of last week. However, Monday's (11/14) closed did rebound 3.75 cents. Contacts speculate that the lower prices did spur some demand for last minute Thanksgiving needs, but feel that prices may still erode once those orders are filled. Also, there seems to be fewer retail features in the offing this holiday season. Churning activity remains light to moderate in the East. The lower butter price creates lower fluid cream prices and some increased usage in Class II products was noted. Butter stocks are readily available to cover current needs. There may be some scattered tightness on fresh butter offerings, but supplies of both bulk and print butter are more than adequate to cover anticipated needs. Retail sales are improving along seasonal patterns. Food service orders are also starting to improve with heavy deliveries expected late this week and early next week. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

## CENTRAL

Although the cash butter price at the CME is showing strength, most producers, handlers, and traders do not foresee significant increases. Butter demand is strong. Many feel that recent price declines were basically the impetus behind stronger orders. Many buyers that were not or were hesitant to run feature activity during the yearend holiday period due to firm prices are now trying to locate butter stocks for this need. In many instances, print butter volumes have been fully committed and available surplus volumes are limited. Another factor limiting acknowledgment of the increased demand is plant capacity. Most plant capacity is fully committed to orders already on the books for future deliveries. Frozen bulk butter stocks

are available, but print butter volumes are what are being desired at this time. Churning activity remains seasonally strong for this time of the year, although cream supplies have tightened. Some butter producers desire additional volumes to maintain plant capacity. Retail orders are good as Thanksgiving nears and the yearend holidays approach. Food service orders are also strong as holiday shopping and parties increase away from home eating patterns. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

## WEST

Cash CME prices bottomed last week at \$1.40 and recovered this week to stand at \$1.4625. Prices seem to be low enough that they are stimulating some additional purchases. Limited retail feature activity is noted. Low prices for store brand butter are either side of \$2 per pound. Overall buyer interest is not up to seasonal expectations, but improving in the short run. Buyers, overall, are more aggressive in looking for additional supplies of butter for very near term needs. Offerings of cream are still heavy at some operations, but others see a short run tightening market. Class II product manufacturing is behind anticipated schedules. Contacts are not sure why this is the case. Quota imports of butter for the first ten months of the year total 12.8 million pounds, down 3.4% from last year for the same period. Imports stand at 83% of the annual quota. High-Tier imports (above quota and with a penalty) for the period are only 522,000 pounds compared to 18.0 million pounds for the comparable period in 2004. Domestic prices did not get high enough to make High-Tier imports work this year. CME weekly butter stocks declined by 8.3 million pounds last week to stand at 40.8 million pounds. This is the time of the year when the largest weekly draw down is noted. Stocks are ahead of last year by 42%. Bulk butter prices range from 1 cent under to 3 1/2 cents under based on the CME with various time frames and averages.

## NASS DAIRY PRODUCT PRICES

## U.S. AVERAGES AND TOTAL POUNDS

	CHEESE				
	40# BLOCKS	BARRELS	NDM	BUTTER	DRY WHEY
		38% MOISTURE			
<u>WEEK ENDING</u>					
NOVEMBER 12	1.3994	1.3815	0.9782	1.4641	0.3095
	9,532,527	10,363,603	16,524,485	2,868,816	11,927,645

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are unchanged on natural cheeses, fractionally lower on process. The market tone is weak as the CME cash prices for cheddar have been declining for the past three weeks. Late last week and early this week, the CME prices have been steady, which may mark the bottom of this particular price cycle. Cheese production in the Northeast is steady, but still some producers are not eager to take any extra milk due to the price relationship between cheese and Class III milk. Cheese supplies are more than adequate to meet current needs. Some improvement in retail sales is noted for Thanksgiving, but most of those orders have been shipped. Food service orders are also improving as restaurateurs prepare for the normally very busy Thanksgiving weekend.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4525-1.9725
Cheddar Single Daisies	:	1.4100-1.8850
Cheddar 40# Block	:	1.5100-1.7825
Process 5# Loaf	:	1.5325-1.7725
Process 5# Sliced	:	1.5525-1.7800
Muenster	:	1.5250-1.7250
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The cheese market is steady. Bulk and finished product orders have improved for many firms recently, though not enough to cause product shortages. Overall supplies are about adequate. Packagers and processors will be closed an extra day or two next week for Thanksgiving, reducing bulk cheese needs. Some operations will try to put in overtime this week to offset next week's lighter schedule. Firms are working on December holiday orders as well as preparations for Super Bowl promotions. The opportunity window for large additional December holiday orders is shrinking fast. Perhaps a few cutters need to use items such as pepper jack a few days earlier than preferred but overall, order lead times are near normal. Mozzarella remains snug for some producers for a few more weeks. Aged cheddar movement has improved but seems down from recent years. Process interest is slow to average for this time of year. Finding trucks/truckers to move product, particularly longer hauls, remains an issue for most shippers. Cheese production is steady to lighter as bottlers absorb heavy milk volumes. Additional milk volumes are expected to be available to cheese plants over the long Thanksgiving weekend.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5725-1.9200
Brick And/Or Muenster 5#	:	1.9175-1.9200
Cheddar 40# Block	:	1.7150-2.2650
Monterey Jack 10#	:	1.9500-2.2650
Blue 5#	:	2.2150-2.6200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5475-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
11/14/05	29,611	: 132,219
11/01/05	32,168	: 133,733
CHANGE	-2,557	: -1,514
% CHANGE	-8	: -1

## WEST

Block cheese prices at the cash CME market have held steady at \$1.37 for nine trading sessions. Exchange trading activity has been light. Offerings of number one current blocks are light with many producers sold out for a period of time. Under grade cheese is clearing very well, often at prices much higher than is historically the norm. Swiss sales are seasonally very good. Production levels are quite variable for this time of year. Some plants are being very careful not to overproduce because of the price relationship between milk and cheese. Other plants are looking for additional milk supplies this week in advance of the holiday week next week. Quota imports of cheese for the first ten months of the year total 221.8 million pounds, up slightly from last year. Imports have reached 74% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) are 21.5 million pounds for the ten month period, about half the volume imported last year. These imports are probably lighter this year because domestic prices did not get high enough to make this a profitable endeavor. Swiss quota imports total 53.1 million pounds, up slightly from last year. These imports are at 69% of the annual quota.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4750-1.7325
Cheddar 40# Block	:	1.4900-1.8425
Cheddar 10# Cuts	:	1.6700-1.8900
Monterey Jack 10#	:	1.6800-1.8400
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

## FOREIGN

Prices are unchanged and the market tone is showing some seasonal improvement. At the wholesale level, orders for Thanksgiving are being shipped this week and distributors expect a very busy period between now and the post-Thanksgiving weekend. Supplies are sufficient to cover needs, but lower domestic prices during most of October have spurred more interest in these brands/types. Imports, following seasonal patterns, are slowing.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6300	: 1.7650-3.2550
Gorgonzola	: 3.6900-5.9400	: 2.2750-2.4900
Parmesan (Italy)	: TFEWR	: 3.1800-3.2850
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.7675-2.0025
Romano (Cows Milk)	: -0-	: 2.9625-5.1050
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	156	0	236	0	134	0
SOUTHEAST STATES	31	0	31	0	0	0

Regional Milk Market Administrators announced the following, October 2005 uniform prices: Northeast \$15.88, Mideast \$14.91, Appalachian \$16.48, Southeast \$16.49, and Florida \$17.69 at the base city or county in the orders. Milk production is mostly steady in Florida and other Southeastern states, while steady to lighter in the northernmost parts of the region. Fluid milk supplies are more than ample for Class I needs and surplus volumes are generally moderate. However, milk handlers are gearing up for Thanksgiving week, a time when bottling slows and surplus milk supplies increase. This week, bottling schedules are mixed. Some ordered more milk for anticipated early-week needs only to see orders hold. This has forced the cancellation of many loads thought to be destined for Class I channels. Florida's imports are sharply lower as handlers wish to enter the weekend and next week with light inventories. This would allow them to better handle their own holiday milk. In the Northeast and Middle Atlantic areas, bottlers are quite active bottling for next week's anticipated needs. As in weeks past, transportation continues to be a key factor in getting milk and other fluid products from the plants to the customers. Oddly, the opening of deer season in many of the more northern states is having an impact on product hauling. Many truckers hunt, which will lessen the number of trucks to haul milk, cream, and condensed skim during the early part of the season(s). Manufacturing plants are operating on mostly steady schedules, but a few Southeastern plants have more milk to process this week. That may be due to the decline in Florida's shipments. The condensed skim market is unchanged. Prices are steady and demand is fair to good, but mostly contractual. Few spot sales have been noted. The fluid cream market is firmer. Contacts report that fluid cream offerings are as tight as they have been for a month or two. Spot prices are sharply lower following last week's 9.67-cent decline in the CME butter average. The lower butter price has cream buyers showing more interest, but production of Class II products for Thanksgiving is slowing. However, egg nog output is still moderate as more producers are putting up UHT for the year-end holidays while cream prices are low. Cream cheese makers are taking extra loads this week. Ice cream production is slowing as some plants will be down for various periods of time during the Thanksgiving week. Churning is lighter, reflecting the tighter supplies of surplus cream.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.7984-1.9951
DELIVERED EQUIVALENT ATLANTA	-	1.8265-2.0232 M 1.8827-1.9389
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.7703-1.8546

## PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0200-1.0800
NORTHEAST- CLASS III - SPOT PRICES	- 1.0500-1.1200

## M I D W E S T

Class I demand is around annual peak levels for many bottlers preparing for retail promotions and holiday demand as well as most regular school accounts. Handlers expect strong Class I and II interest again early next week. Milk supplies have tightened, aided by improved seasonal Class I and II use. Cream offerings are lighter, reducing churning schedules. Churns still remain seasonally active. Manufacturing milk demand is generally light, with a few exceptions. Net reported spot manufacturing milk prices range from around \$1.30 - 1.70, fob over class. Thanksgiving weekend is generally not a major interruption in milk demand though some extra surplus milk may be available. Many handlers and customers continue to have problems finding trucks/truckers to move product. Current milk receipts run the gamut from slightly higher, to steady, to lower. Manufacturing schedules are steady to lighter. Fat and protein levels are around peak annual levels. Cold temperatures, rain changing to snow, and high winds finally frosted up the

upper tier of states. A little frost in the ground will help producers finish the tail end of fall harvest and tillage operations. Initial estimated October milk production in selected Midwestern states compared with October 2004 is: Wisconsin, 1.899 billion pounds, up 73 million pounds (4.0%); Minnesota, 662 million pounds, an increase of 6 million pounds (0.9%); Michigan, 558 million pounds, up 32 million pounds (6.1%); Texas, 514 million pounds, up 44 million pounds (9.4%); Iowa, 307 million pounds, down 6 million pounds (-1.9%); and Indiana, 261 million pounds, up 20 million pounds (8.3%). Of these states, only Indiana and Michigan had more cows than a year ago.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 51.50	\$ 48.00- 53.00
REPLACEMENT HEIFER CALVES	\$400.00-750.00	\$300.00-530.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	NOV 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 54.50	\$ 46.00- 54.50

## W E S T

October U.S. milk production totals 13.4 billion pounds for the 23 Selected States report, up 4.1% from 2004. Year to year increases have been above 4% since May of this year. Cow numbers grew by 4,000 head from September and they are 58,000 head more than last year. Production per cow grew by 3.3%. Production changes for selected Western states compared to last year are as follows: Arizona -0.7%, California +2.3%, Colorado +7.6%, Idaho +13.2%, New Mexico +8.1%, Oregon +1.6%, and Washington +6.1%. Cow numbers increased in all these states except Arizona. Production per cow increases ranged from +0.6% in California to +4.8% in Colorado. September production for the 23 States was revised 27 million pounds lower. The December 2005 Class 1 prices in CALIFORNIA range from \$14.99 in the north to \$15.26 in the south. The statewide average Class 1 price based on production is \$15.04. The average is \$0.63 lower than November 2005 and \$1.11 less than December 2004. Milk output in CALIFORNIA is holding mostly steady across the regions. Despite the recent weakness in cheese prices, there is a good demand for extra milk from cheese makers. Fluid milk orders have increased this week as bottlers begin to strategize for down days around the holiday next week. There will be shifting of milk as schools recess, but retail movement of fluid milk is expected to be good. Orders for milk are higher this week from other processing plants that are scheduling downtimes next week. No one expects plants to have problems handling milk over the holiday period. Milk production is mostly steady across ARIZONA and NEW MEXICO. Compared to last year, levels are only slightly higher in Arizona, but sharply higher in New Mexico. Milk is being handled as expected and processors anticipate no problems over the Thanksgiving holiday period. Fluid milk orders are good this week. The Western CREAM market seems to have stabilized this week. Supplies and demand are in good balance early in the week and orders are expected to clear cream until early next week. Demand from producers of high fat products has increased. Extra cream is expected to be available after midweek next week. The CME butter price has increased 6.25 cents from last week and closed at \$1.4625 on November 16. Current multiples have moved higher and trade from 112 to 124, FOB, and vary depending on class usage and basing point. Discussion in the PACIFIC NORTHWEST this week included the impact of the CWT herd removal program on the region. Some firms indicated that the impact on them would involve production schedule changes and hauling routes would need to be adjusted. Weather conditions are normal for this season and are not impacting the milk flow. Fat and protein tests are rebounding very well from the summer low point that was lower than normal for the past few years. (See page 10 of this report.) Producers are disappointed in the feed value of the corn silage harvested this year. They believe that the crop did not meet maturity before the harvest started. Hay quality is also declining as dairy quality hay is fast disappearing. The first real cold spell of the season has hit the milk production areas of UTAH and IDAHO. No problems are noted as cropping has been completed and dairies are ready for winter. Demand for heifers in the region remains very strong. Contacts note that much of the hay in the region has been sold, which is much earlier than normal. Buyers are coming around as the weather closes in looking for good quality feeder hay which is usually quite available at this time of year. Most are going home empty handed.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to higher on a mostly steady market. Production is steady to higher in response to increased milk availability as schools recess for the upcoming holiday and require reduced volumes of bottled milk. NDM sales are reportedly up compared to last year at this same time. To compensate for the limited supply availability of Central region NDM, some buyers are purchasing additional NDM supplies from coastal areas or purchasing resale supplies via cheese manufacturers holding excess stocks. Traders believe that cheese manufacturer resales of NDM reflect either concern regarding end of year stocks or anticipated price reductions in NDM markets. Buyers note the disparity in fuel surcharges between domestic and export markets with heavier charges assessed domestically. For report 46 in 2004, mostly low heat prices were .8600 – .8900 and high heat prices were .9200 – .9800.

EAST: Prices are unchanged to higher as the NASS price series (the basis for most NDM sales) increased last week. The market tone is a little more settled. Demand is mostly steady, but there is still a lot of “grousing” about energy surcharges and transportation costs. Spot demand, particularly for one or two load purchases, is often on the resale side of the market. Contacts state that there is still some NDM available at prices below current quotes from producers. Production levels are mixed. Some plants are seeing less milk coming into their plants while others, for various reasons, are seeing no drop off in receipts. Most drying plant contacts expect more surplus milk next week and most are already making arrangements for and expressing concern about the milk volumes anticipated during the year-end holidays. Producer stocks of NDM range from light to fully adequate.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: 1.0200 - 1.0950 MOSTLY: 1.0300 - 1.0650  
HIGHHEAT: 1.0700 - 1.1350

**NONFAT DRY MILK - WEST**

Prices are steady to slightly higher for low/medium heat NDM in the West. The market tone is unsettled with some weaker notes. Production of NDM and SMP remain active in the region to process the milk supply. Output will build as seasonal milk production grows from the current low point in the cycle. Demand has slowed. Higher prices are concerning cheese producers as the cheese prices have weakened. Exports have slowed in part with the Mexican tariff on powder blends. Higher prices may be having an impact on sales. Added costs of energy surcharges, higher trucking rates, fuel surcharges, and other increases are also increasing buyers' total costs of making purchases. Stocks range from light to moderate levels at the producers levels. Stocks are also available from the resale trade. The high heat market is steady with minor price increases noted. Demand is fair to good for the current offerings. Some producers are not certain if they will be able to cover contracts in the near future and are shorting customers. Production capacity and plants making other powders could restrict the making of additional high heat to fill in the gaps. Stocks are light and often committed.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .9800 - 1.0250 MOSTLY: .9850 - 1.0250  
HIGHHEAT: 1.0100 - 1.0575

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 11	\$.9668	8,479,542	0
November 4	\$.9827	8,964,694	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged on a cautiously steady market. Production of condensed buttermilk is increasing with seasonally heavy churn activity. Because of the increased cost in drying buttermilk, most buyers and sellers are opting to move condensed buttermilk when possible. However, as production increases and ice cream interest decreases, more buttermilk is being dried. Producer offerings are generally at the average for the light interest. For report 46 in 2004, prices were .9000 - .9550.

F.O.B. CENTRAL: .9500 - 1.0000

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and the Northeast prices remain nominal. The market tone is losing some firmness as demand, following seasonal patterns, slows. However, churning activity in the East is lighter due to less excess cream being offered on the market. Contacts do expect that scenario to turn around next week when more surplus milk is expected and cream utilization slows. Demand for dry buttermilk is often slower.

F.O.B. NORTHEAST: .9600 - 1.0050  
DELVD SOUTHEAST: .9800 - 1.0600

**DRY BUTTERMILK - WEST**

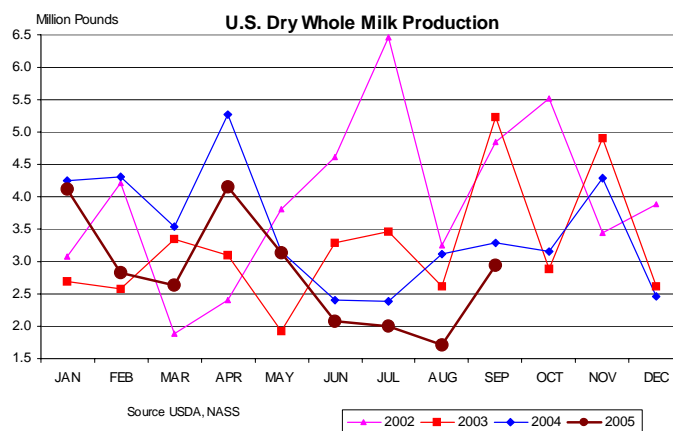
Both the range and mostly price series continue unchanged for Western dry buttermilk. The market tone remains on the weak side. Buying interest has been slow and is not expected to grow between now and the end of the year. Drying is active in the region to process the available condensed buttermilk as churning continues at a moderate clip. There is available dryer time to accommodate production. Stocks are generally available from producers and are rated as balanced to moderate.

F.O.B. WEST: .9100 - .9650 MOSTLY: .9150 - .9250

**DRY WHOLE MILK - NATIONAL**

Prices are steady to lower as some contacts are adjusting their prices to reflect recent declines in the CME cash butter market. Production levels are unchanged and still geared toward contract sales. Producer stocks are closely balanced and demand is little changed from recent weeks.

F.O.B. PRODUCING PLANT: 1.3500 - 1.4800



**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY – CENTRAL**

Prices are unchanged to higher on a firm market. Production is mostly steady with plants operating at seasonal capacity levels. Supplies are limited for the good interest. Prices will likely trend higher in response to prices that not only include premiums of 1-2 cents but fuel surcharges of 1-3 cents. Some producers report they are merely trying to reclaim the cost of production and prefer the fuel surcharges be kept separate. Resellers must also recoup these same costs, resulting in a resale market 2-4 cents above the current market. Consequently, some buyers are hesitant to contract whey supplies for 2006, especially since prices that include additional surcharges may be indirectly assessed twice. Feed grade supplies are limited and competitive with dry permeate and lactose for the good feed interest. For report 46 in 2004, mostly prices were .2400 - .2450 and animal feed prices were .2100 - .3000.

F.O.B. CENTRAL: .3150 - .3500 MOSTLY: .3150 - .3250  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2675 - .3000

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are generally higher as most Eastern producers adjust their prices to last week's changes in the Central States market. The Northeast prices remain nominal. There has been considerable conversation about energy surcharges and their inclusion in the prices. Some contacts still have not yet instituted a surcharge, but most of those are investigating them. Buyers, reluctant to accept these surcharges, are busily calling around looking for more whey before prices move any higher. Despite all the inquiries, reports indicate that this week's market activity was light. The market tone is firm. Most Eastern producers have little or no dry whey to offer on the spot market. Spot demand is often filled in the resale market. Like other commodities and in addition to producers' energy surcharges, transportation issues and costs are also adding to the buyers' costs.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3250 - .3350  
DELVD SOUTHEAST: .3400 - .3650

**DRY WHEY – WEST**

Western whey prices range from steady to fractionally higher. Offerings are clearing easily into both domestic and export markets. Buyers see the entire dairy market as becoming more interchangeable with supplies and prices of other dairy commodities all in the mix. Contacts are starting to look at the end of the year and various holiday celebrations around the world and planning accordingly. Transportation issues are becoming more difficult. Equipment is not as available and prices are higher. Large numbers of trucks in some parts of the region are being parked as firms close their doors. Production levels are a bit higher than anticipated for November.

NONHYGROSCOPIC: .2950 - .3450 MOSTLY: .3250 - .3350

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. However, with the trend and talk of energy surcharges, more producers are looking at increasing prices, on new contracts, to help defray the rising costs of operating their facilities. Production levels are about steady and dependent on surplus milk prices and supplies. Demand for canned evaporated milk is improving at retail, but most producers are now preparing for the year-end holidays. Transportation is also a growing issue in this and all markets. On November

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are mixed on a steady to weak market. Prices are generally not reported at a premium unless a fuel surcharge is added to the price. Most WPC producers are not assessing additional surcharges onto their WPC 34% prices, especially on export offerings. The WPC 80% market is very competitive with WPC 34%. Where possible, buyers continue to purchase WPC 80% instead of WPC 34%. Wheat protein is also an attractively priced substitute to WPC 34% into some feed operations. Contracts for 2006 are being discussed with buyers expressing deep aversion on offerings from brokers and manufacturers at 2-3 cents over the market. Canadian WPC 34% is reportedly offered into the US and available at a discount to the US market for the fair interest. For report 46 in 2004, mostly prices were .6100 - .6250.

F.O.B. EXTRA GRADE 34% PROTEIN: .8125 - .8775 MOSTLY: .8375 - .8475

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Supplies are limited for the spot interest. Lactose supplies are adequately available for contractual shipments. Some discussion of 2006 contracts is continuing. Inquiries are noted from Asian markets. Production is steady in the Central region and higher in the West in response to increased milk intakes at some operations. The firm lactose market may, in part, be reflective of tight whey and dry permeate markets. With significant increases in milk production during the current year and anticipated increases in 2006, questions abound as to whether lactose prices, or the substitutes of permeate or whey, will hold during 2006. For report 46 in 2004, mostly prices were .1700 - .2000.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
F.O.B. EDIBLE: .2000 - .2500 MOSTLY: .2050 - .2350

**CASEIN – NATIONAL**

Casein markets and prices are basically steady. Domestic buyers are now questioning availability and prices, especially from Oceania sourced suppliers. Unofficial reports indicate that milk production in New Zealand is not developing as positively as projected, thus casein volumes are a concern. European supplies are in good balance with demand and additional volumes appear to be available for spot or additional buyer interest. Although Oceania supplies are questionable, many domestic traders do not foresee a significant increase in 2006 pricing, but state that the weakening trend has slowed and stabilized. First quarter contracts are basically negotiated at slightly lower than current prices, but the remainder of the year is still unsettled for many.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2000 - 3.3500  
ACID: 3.2000 - 3.3000

1, the Kansas City Commodity office announced the purchase of 2,533,680 pounds of evaporated milk under EVD2-003 at \$.4310-.5258 per pound. On November 15, they announced the Evaporated Milk Products Solicitation EVD2-004, inviting competitive offers to sell to CCC 5,067,360 pounds of evaporated milk for delivery January - March 2006. Offers are due by 9:00 a.m. CST, November 29, 2005.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00  
Excluding promotional and other sales allowances. Included new price announcements.

## NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES\*

Forecast milk production in 2005 and 2006 is increased from last month. Although recent milk cow numbers and dairy herd replacement prices point to slightly slower growth in milk cow herds, output per cow continues to advance as producer returns are expected to remain favorable. Cheese and butter price forecasts for 2005 and 2006 are lowered from last month to clear increased supplies of those products. Strong domestic and international demand likely will support nonfat dry milk (NDM) and whey prices, thus NDM and whey price forecasts are slightly higher. Class price forecasts are lowered for both 2005 and 2006. The all milk price for 2005 is forecast lower at \$15.15-\$15.25 per cwt., and the 2006 forecast is reduced to \$13.15-\$14.05 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2004	2005 Projected		2006 Projected	
		October	November	October	November
<b>MILK</b>		<b>BILLION POUNDS</b>			
PRODUCTION	170.8	176.7	176.9	181.3	181.5
FARM USE	1.1	1.1	1.1	1.1	1.1
<b>FAT BASIS SUPPLY</b>					
BEGINNING COMMERCIAL STOCKS	8.3	7.2	7.2	7.4	7.4
MARKETINGS	169.7	175.6	175.8	180.2	180.4
IMPORTS	5.3	4.7	4.8	4.9	4.9
TOTAL COMMERCIAL SUPPLY	183.3	187.5	187.7	192.6	192.7
<b>FAT BASIS USE</b>					
ENDING COMMERCIAL STOCKS	7.2	7.4	7.4	7.5	7.5
CCC NET REMOVALS <u>1/</u>	-0.1	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	176.2	180.1	180.3	185.1	185.2
<b>SKIM-SOLIDS BASIS SUPPLY</b>					
BEGINNING COMMERCIAL STOCKS	8.5	8.2	8.2	8.0	8.0
MARKETINGS	169.7	175.6	175.8	180.2	180.4
IMPORTS	4.8	4.7	4.8	4.8	4.8
TOTAL COMMERCIAL SUPPLY	183.0	188.6	188.8	193.0	193.2
<b>SKIM-SOLIDS BASIS USE</b>					
ENDING COMMERCIAL STOCKS	8.2	8.0	8.0	8.0	8.2
CCC NET REMOVALS <u>1/</u>	1.3	-1.0	-1.0	1.0	0.8
COMMERCIAL USE <u>2/</u>	173.5	181.5	181.8	184.1	184.2
<b>CCC PRODUCT NET REMOVALS <u>1/</u></b>		<b>MILLION POUNDS</b>			
BUTTER	-7	0	0	0	0
CHEESE	6	0	0	0	0
NONFAT DRY MILK	105	-85	-85	85	70
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program. 2/ Includes commercial exports.

Continued on page 8

## NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2004	2005 Projected		2006 Projected	
		October	November	October	November
PRODUCT PRICES <u>1/</u> CHEESE  BUTTER  NONFAT DRY MILK  DRY WHEY   MILK PRICES <u>2/</u> CLASS III  CLASS IV  ALL MILK <u>3/</u>	DOLLARS PER POUND				
	1.6431	1.490-1.500	1.485-1.495	1.305-1.395	1.285-1.375
	1.8239	1.565-1.585	1.540-1.570	1.325-1.445	1.305-1.425
	0.8405	0.930-0.940	0.930-0.950	0.870-0.940	0.875-0.945
	0.2319	0.265-0.285	0.270-0.280	0.235-0.265	0.235-0.265
	DOLLARS PER CWT				
	15.39	14.05-14.15	14.00-14.10	12.05-12.95	11.85-12.75
	13.20	12.85-13.05	12.80-13.00	11.40-12.40	11.35-12.35
	16.05	15.20-15.30	15.15-15.25	13.35-14.25	13.15-14.05
	QUARTERLY				
2005 III	2005 IV <u>4/</u>	2006 I <u>4/</u>	2006 II <u>4/</u>	2006 III <u>4/</u>	
MILK PRODUCTION   ALL MILK PRICE <u>2/</u> <u>3/</u> CLASS III PRICE <u>2/</u> CLASS IV PRICE <u>2/</u>	BILLION POUNDS				
	44.0	43.9	45.1	46.8	44.7
	DOLLARS PER CWT.				
	14.97	15.15-15.45	14.05-14.65	12.70-13.60	12.60-13.60
	14.08	13.50-13.80	12.45-13.05	11.60-12.50	11.65-12.65
	13.45	12.95-13.35	12.15-12.85	11.30-12.30	11.00-12.10

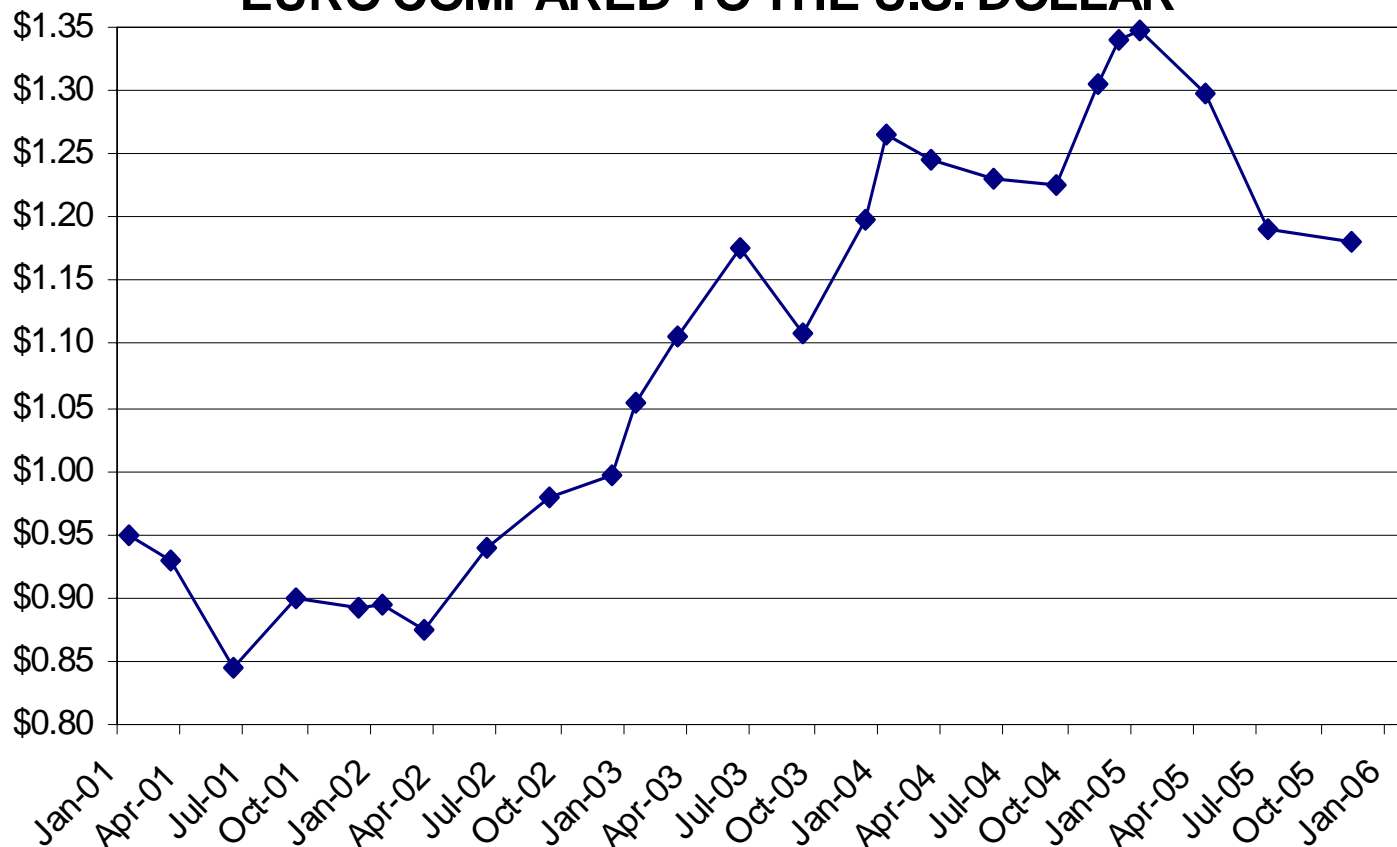
1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found at [http://www.ams.usda.gov/dyfmoms/mib/fedordprc\\_dscrp.htm](http://www.ams.usda.gov/dyfmoms/mib/fedordprc_dscrp.htm). 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Paul Kiendl, FAS; James Miller, ERS; and Milton Madison, FSA.

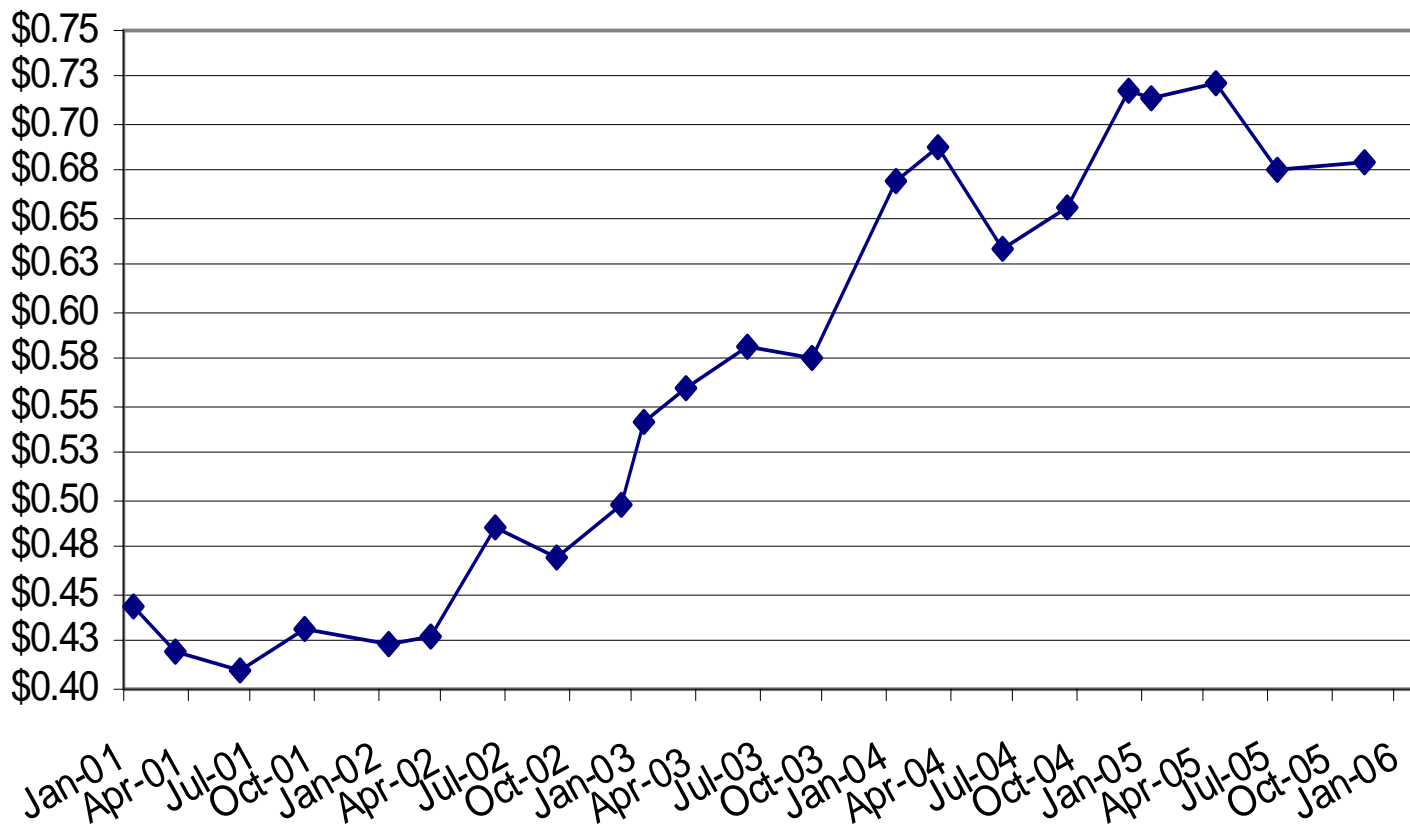
**SOURCE:** "World Agricultural Supply and Demand Estimates," WASDE-428, World Agricultural Outlook Board, USDA, November 10, 2005.



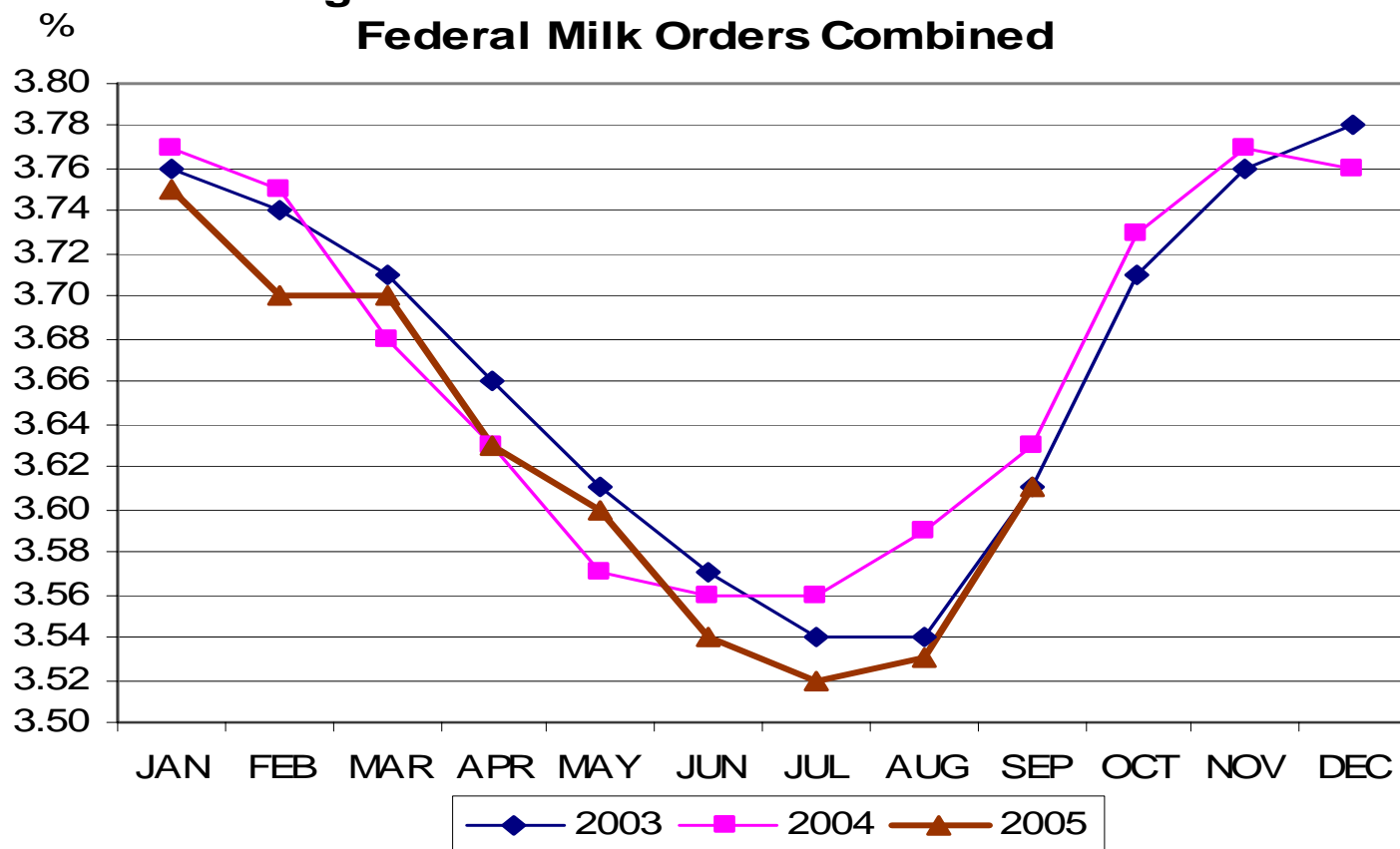
## EURO COMPARED TO THE U.S. DOLLAR



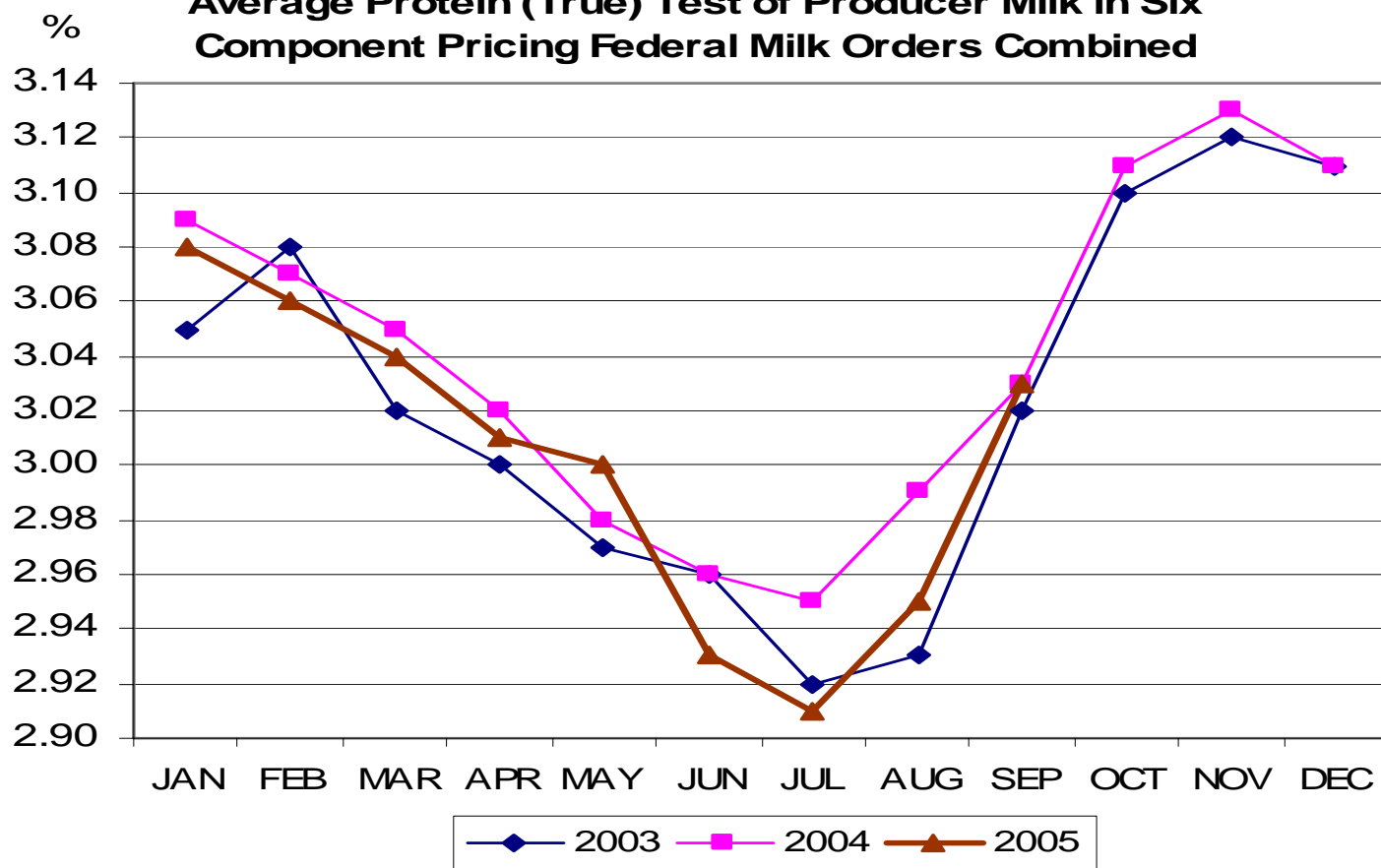
## NEW ZEALAND DOLLAR COMPARED TO THE US DOLLAR

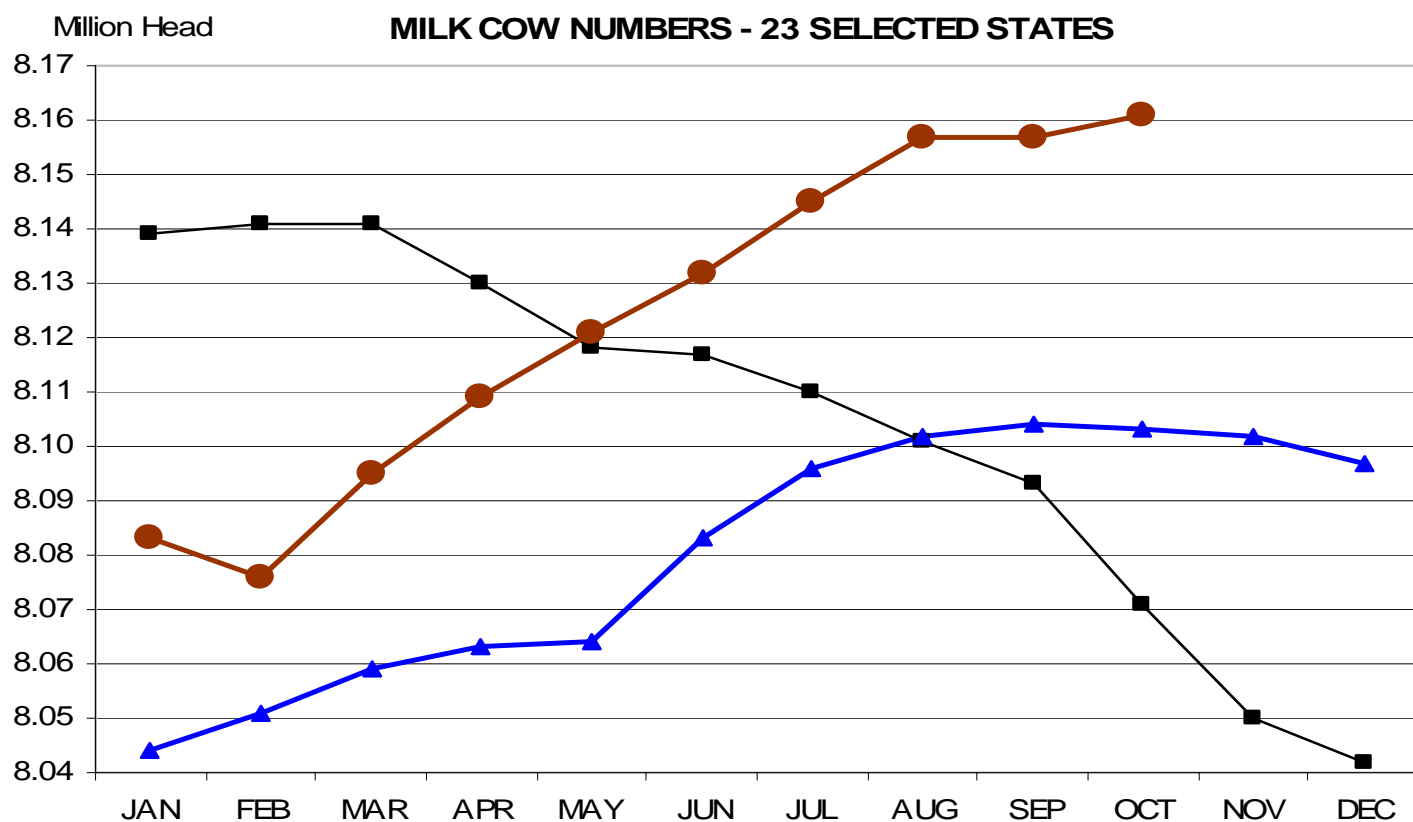
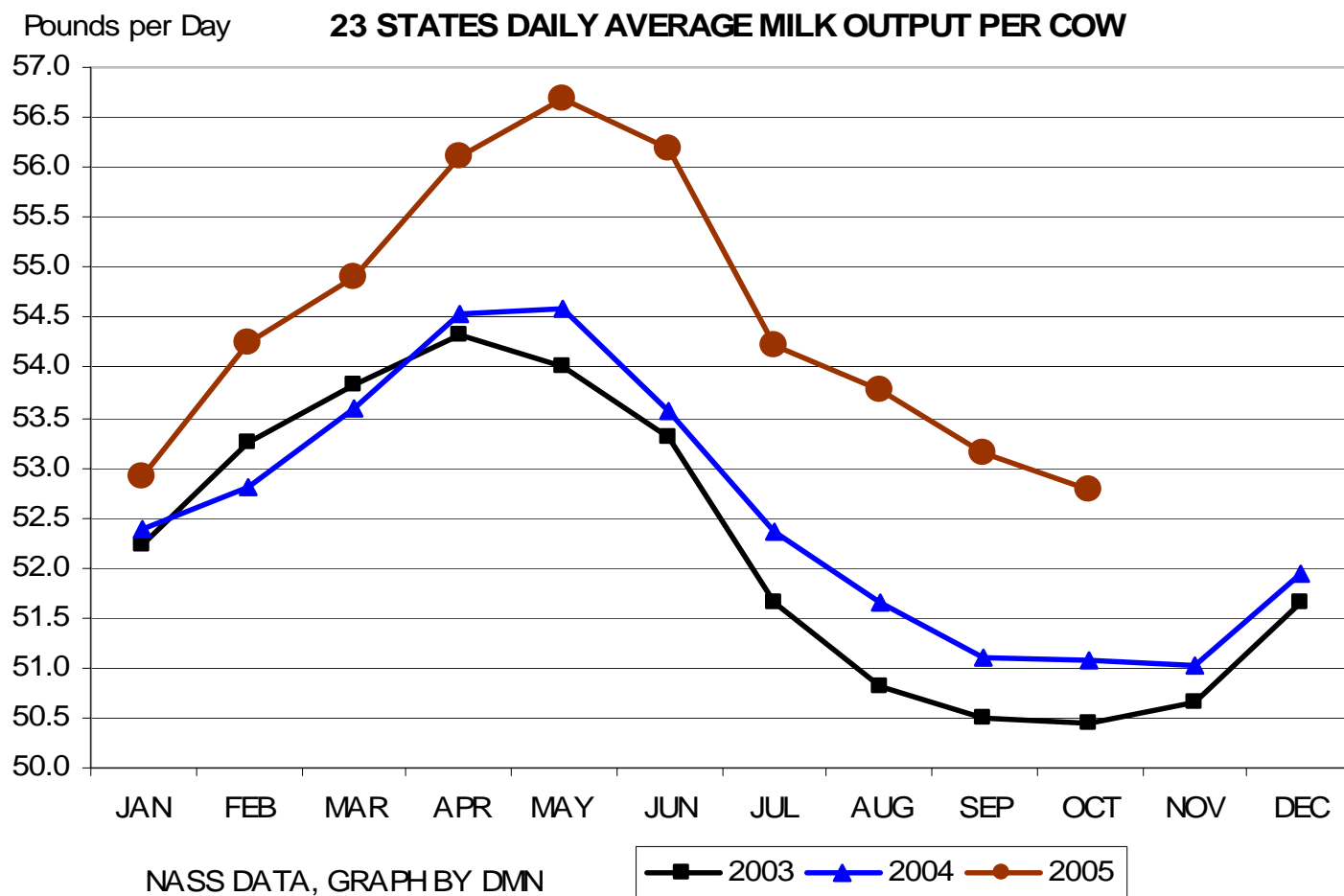


### Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined



### Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined





## OCTOBER MILK PRODUCTION

Milk production in the 23 major states during October totaled 13.4 billion pounds, up 4.1 percent from October 2004. September revised production, at 13.0 billion pounds, was up 4.7 percent from September 2004. The September revision represented a decrease of 27 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major states averaged 1,636 pounds for October, 53 pounds above October 2004.

The number of cows on farms in the 23 major states was 8.16 million head, 58,000 head more than October 2004, and 4,000 head more than September 2005.

## OCTOBER 2005 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2004	2005	2004	2005	2004	2005	% CHANGE FROM 2004
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	167	161	1,785	1,840	298	296	-0.7
CA	1,740	1,770	1,770	1,780	3,080	3,151	2.3
CO	103	106	1,785	1,870	184	198	7.6
FL	137	135	1,165	1,175	160	159	-0.6
ID	434	470	1,800	1,880	781	884	13.2
IL	106	104	1,480	1,510	157	157	---
IN	152	155	1,585	1,685	241	261	8.3
IA	191	187	1,640	1,640	313	307	-1.9
KS	114	112	1,590	1,715	181	192	6.1
KY	109	103	1,035	1,030	113	106	-6.2
MI	304	312	1,730	1,790	526	558	6.1
MN	460	450	1,425	1,470	656	662	0.9
MO	120	114	1,230	1,200	148	137	-7.4
NM	323	335	1,690	1,760	546	590	8.1
NY	653	650	1,470	1,550	960	1,008	5.0
OH	266	270	1,410	1,440	375	389	3.7
OR	120	121	1,575	1,590	189	192	1.6
PA	563	558	1,465	1,550	825	865	4.8
TX	320	320	1,470	1,605	470	514	9.4
VT	145	142	1,455	1,505	211	214	1.4
VA	104	105	1,355	1,370	141	144	2.1
WA	234	244	1,895	1,925	443	470	6.1
WI	1,238	1,237	1,475	1,535	1,826	1,899	4.0
23 STATE TOTAL	8,103	8,161	1,583	1,636	12,824	13,353	4.1

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

**SOURCE:** "Milk Production," Da 1-1 (11-05), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.



## FEDERAL MILK ORDER PRICE AND POOL SUMMARY, OCTOBER

**HIGHLIGHTS:** Handler reports of receipts and utilization under the Federal milk order system for October have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During October, about 9.7 billion pounds of milk were received from producers. This volume of milk is 2.5 percent higher than the October 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +0.8 percent.) About 3.8 billion pounds of producer milk were used in Class I products, unchanged from the previous year. Calendar composition likely had a slightly negative impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilization percentages were; Class I = 39%, Class II = 13%, Class III = 38%, and Class IV = 10%. The weighted average statistical uniform price was \$15.27 per cwt., \$0.01 lower than last month, and \$0.06 lower than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF OCTOBER 2005										
FEDERAL MILK ORDER MARKETING AREA <sup>1/</sup>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <sup>2/</sup>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,904.3	4.1	918.3	-1.2	48	21	22	9	15.88
Appalachian (Charlotte)	005	491.4	-5.7	340.5	-3.5	69	16	6	9	16.48
Southeast (Atlanta)	007	572.6	-0.1	391.0	-1.1	68	10	12	10	16.49
Florida (Tampa)	006	229.2	5.4	199.8	5.0	87	8	1	4	17.69
Mideast (Cleveland)	033	1,453.1	-6.0	564.8	2.0	39	17	38	6	14.91
Upper Midwest (Chicago)	030 3/	2,119.4	7.2	378.9	1.2	18	6	74	2	14.59
Central (Kansas City)	032	1,206.3	4.7	373.2	1.0	30	11	50	9	14.70
Southwest (Dallas)	126 3/	852.5	7.8	364.4	1.7	43	15	25	17	15.58
Arizona-Las Vegas (Phoenix)	131	233.0	1.0	82.6	2.2	35	10	42	13	15.03
Pacific Northwest (Seattle)	124	625.8	1.4	177.4	-4.1	28	6	29	37	14.46
<b>ALL MARKET AVERAGE OR TOTAL</b>	<b><sup>3/</sup></b>	<b>9,741.6</b>	<b>2.5</b>	<b>3,790.8</b>	<b>0.0</b>	<b>39</b>	<b>13</b>	<b>38</b>	<b>10</b>	<b>15.27</b>

<sup>1/</sup> Names in parentheses are the major city in the principal pricing point of the market.

<sup>2/</sup> Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

<sup>3/</sup> Due to a disadvantageous relationship between the intraorder prices and the location adjusted statistical uniform (blend) price in the markets, handlers elected not to pool an estimated 20 million pounds of milk that normally would have been associated with these markets. In October 2004, the estimated not pooled volume of milk was 175 million pounds, occurring in Order Nos. 30 and 126. After adjusting for these not-pooled volumes, the year to year percent change is +0.8.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF NOVEMBER 14 - 18, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 11/11/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	36,775,640	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	36,775,640	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF NOVEMBER 14 - 18, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	0.3	14.5
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	8.1	428.1
CUMULATIVE JAN. 1 - NOV. 18, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	61.3	3,290.9

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	0.0	3.6
WEST	-0-	-0-	-0-	-0-	-0-	34,373,470	0.0	93.5
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	0.0	2.9
TOTAL	-0-	-0-	-0-	-0-	-0-	36,775,640	0.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/29/05 & Comparable Week 2004

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1	
2005-Dairy	N.A.	0.5	6.6	2.7	16.5	3.2	0.9	N.A.	14.7	2.3	48.8	1,879.0	47.5	47.4
2004-Dairy	N.A.	0.7	7.2	3.1	15.6	3.1	0.9	N.A.	13.5	2.4	47.6	1,973.4*	44.0	46.6
2005-All cows	N.A.	0.6	7.9	11.8	29.7	17.2	12.2	N.A.	17.2	2.8	102.7	3,963.4		
2004-All cows	N.A.	0.7	8.9	15.3	28.8	16.2	13.3	N.A.	15.6	6.2	108.1	4,230.4		

**SOURCE:** The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding. \*LAST WEEK SHOULD HAVE BEEN 1925.8

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89	14.44	13.70	14.27	14.56	13.57
II	13.04	13.36	13.25	13.24	12.78	13.06	13.79	13.95	14.35	14.25		
III	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35		
IV	12.52	12.74	12.66	12.61	12.20	12.33	13.17	13.44	13.75	13.61		

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfm05/mib/cis\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfm05/mib/cis_prod_cmp_pr.htm)